

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

9 7 - 0 9

2. STATE:

Missouri

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

July 1, 1997

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42CFR

7. FEDERAL BUDGET IMPACT:

a. FFY 97 \$ 54,289

b. FFY 98 \$ 164,603

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A

Pages 13b, 17, 18 and new page 23

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19a

Pages 13b, 17, 18

10. SUBJECT OF AMENDMENT: This amendment:

1) Includes outlier adjustments for MC+ patients.

2) Removes UCACI and adjusts the safety net payment to the amount allowed under

OBRA 93.  
3) Continues the SFY 97 add-on payments for SFY 1998.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Gary J. Stangler

14. TITLE:

Director, Department of Social Services

15. DATE SUBMITTED:

9-29-97

16. RETURN TO:

Division of Medical Services  
615 Howerton Court  
Jefferson City, MO 65109**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

09/30/97

18. DATE APPROVED:

AUG 28 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

07/01/97

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Nanette Foster Reilly

22. TITLE: Acting

ARA for Medicaid and State Operations

23. REMARKS:

cc:

Martin

Vadner

Waite

AAORM/CO

SPA CONTROL

Date Submitted 09/29/97

Date Received 09/30/97

5. Outlier adjustment payments for each hospital will be made during June of each State fiscal year for all claims submitted by March 1 which satisfies all conditions in paragraph VII.A.1, VII.A.2., and VII.A.3. of each fiscal year. The payments will be determined for each hospital as follows:
  - (a) sum all reimbursable costs per paragraph VII.A.4. for all applicable outlier claims to equal total reimbursable costs.
  - (b) subtract third party payments and Medicaid payments for said claims from total reimbursable costs to equal excess cost.
  - (c) multiply excess costs by 50%.
- B. Effective for admissions beginning on or after July 1, 1997, outlier adjustments shall also be made for Missouri Medicaid recipients enrolled in MC+. Claim charges and Medicaid payment data will be determined from encounter data provided by the MC+ Health Plan provider.

State Plan TN# 97-09  
Supersedes TN# 91-33

Effective Date July 1, 1997  
Approval Date **AUG 28 2001**

## XV RESERVED

XVI. Safety Net Adjustment. A Safety Net Adjustment shall be provided for each hospital which qualified as disproportionate share under the provision of VI.D.3.(e) prior to the end of each state fiscal year.

A. The Safety Net Adjustment for the federal fiscal year (FFY) shall be computed as follows:

1. The safety net adjustment shall be computed as three-quarters of the Medicaid Add-On payment described in section XVII for the SFY ending on June 30th prior to the end of the FFY on September 30th and one-quarter of the Medicaid Add-On payments for the SFY ending on June 30th after the end of the FFY.

2. If the aggregate cash subsidies (CS) are less than the matching amount required, the total aggregate safety net adjustment will be adjusted downward accordingly, and distributed to the hospitals in the same proportions as the original safety net adjustments.

3. The data sources, reports and data definitions for determining the Safety Net Adjustments shall be the same as described in paragraph VI.A.2. and adjusted as maybe described above. Hospitals which do not have a third prior fiscal year cost report described in paragraph VI.A.2. shall not be eligible for a safety net adjustment. No amended cost reports shall be accepted after the Division's annual determination of the adjustment amount.

4. Adjustments provided under this section shall be considered reasonable costs for purpose of the determinations described in paragraph V.D.2.

XVII. In accordance with state and federal laws regarding reimbursement of inpatient and outpatient hospital services and the implementation of a Medicaid managed care system, reimbursement for state fiscal year 1997 (July 1, 1996 - June 30, 1997) shall be determined as follows.

A. State Fiscal Year 1997 Reimbursement for Inpatient and Outpatient Hospital Services

1. Claims for inpatient and outpatient hospital services for Missouri Medicaid eligible recipients, not enrolled in a Medicaid managed care plan such as MC+, shall continue to be reimbursed in accordance with current regulations and claims processing procedures.
2. Inpatient per diem rates in effect as of June 30, 1996, shall be adjusted by one-half of the trend indices applicable for state fiscal year 1995, 1996, and 1997. Per diem rates for hospitals which initially qualify July 1, 1996, as first or second tier Disproportionate Share or hospitals which previously qualified as first or second tier and failed to requalify July 1, 1996 shall be adjusted to a disproportionate share or general plan level as appropriate.

XX. Medicaid and Uninsured Add-Ons for State Fiscal Year 1998.

A. Section XVII describes the Medicaid and Uninsured Add-Ons paid to hospitals for SFY 97. Those payments shall continue on a prorated basis, except as noted in subsection XX.B., as an estimate for SFY 98 reimbursement until September 30, 1997, or until such time as a state plan amendment modifying the payments is effective.

B. An Adjustment to the SFY 97 Add-Ons shall be made based on the full year effect of MC+ implementation and for the change in phase-out percentage as provided in section XVII.

State Plan TN# 97-09  
Supersedes TN# NA

Effective Date July 1, 1997  
Approval Date AUG 28 2001

**INSTITUTIONAL STATE PLAN AMENDMENT  
ASSURANCE AND FINDING CERTIFICATION STATEMENT**

STATE: Missouri

TN - 97-09

REIMBURSEMENT TYPE: Inpatient hospital X

PROPOSED EFFECTIVE DATE: July 01, 1997

A. State Assurances and Findings. The State assures that it has made the following findings:

1. 447.253 (b) (1) (i) - The State pays for inpatient hospital services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable State and Federal laws, regulations, and quality and safety standards. \_\_\_\_\_
2. With respect to inpatient hospital services - -
  - a. 447.253 (b) (1) (ii) (A) - The methods and standards used to determine payment rates take into account the situation of hospitals which serve a disproportionate number of low income patients with special needs. \_\_\_\_\_
  - b. 447.253 (b) (1) (ii) (B) - If a state elects in its State plan to cover inappropriate level of care services (that is, services furnished to hospital inpatients who require a lower covered level of care such as skilled nursing services or intermediate care services) under conditions similar to those described in section 1861 (v) (1) (G) of the Act, the methods and standards used to determine payment rates must specify that the payments for this type of care must be made at rates lower than those for inpatient hospital level of care services, reflecting the level of care actually received, in a manner consistent with section 1861 (v) (1) (G) of the Act. \_\_\_\_\_

If the answer is "not applicable," please indicate:

\_\_\_\_\_

- 
- c. 447.253 (b) (1) (ii) (C) - The payment rates are adequate to assure that recipients have reasonable access, taking into account geographic location and reasonable travel time, to inpatient hospital services of adequate quality. \_\_\_\_\_
4. 447.253 (b) (2) - The proposed payment rate will not exceed the upper payment limits as specified in 42 CFR 447.272:
- a. 447.272 (a) - Aggregate payments made to each group of health care facilities (hospitals, nursing facilities, and ICFs/MR) will not exceed the amount that can reasonably be estimated would have been paid for those services under Medicare payment principles. \_\_\_\_\_
- b. 447.272 (b) - Aggregate payments to each group of State-operated facilities (that is, hospitals, nursing facilities, and ICFs/MR) - - when considered separately - - will not exceed the amount that can reasonably be estimated would have been paid for under Medicare payment principles. \_\_\_\_\_
- If there are no State-operated facilities, please indicate "not applicable:" \_\_\_\_\_
- c. 447.272 (c) - Aggregate disproportionate share hospital (DSH) payments do not exceed the DSH payment limits at 42CFR 447.296 through 447.299.
- d. Section 1923 (g) \_ DSH payments to individual providers will not exceed the hospital-specific DSH limits in section 1923(g) of the Act. \_\_\_\_\_

B. State Assurances. The State makes the following additional assurances:

1. For hospitals - -
- a. 447.253 (c) - In determining payment when there has been a sale or transfer of the assets of a hospital, the State's methods and standards provide that payment rates can reasonably be expected not to increase in the aggregate solely as a result of changes of ownership, more than payments would increase under Medicare under 42 CFR 413.130, 413.134, 413.153 and 413.157 insofar as these sections affect payment for depreciation, interest on capital -indebtedness, return on equity )if applicable), acquisition costs for which payments were previously made to prior owners, and the recapture of depreciation.

- 
3. 447.253 (e) - The State provides for an appeals or exception procedure that allows individual providers an opportunity to submit additional evidence and receive prompt administrative review, with respect to such issues as the State determines appropriate, of payment rates.
  4. 447.253 (f) - The State requires the filing of uniform cost reports by each participating provider. \_\_\_\_\_
  5. 447.253 (g) - The State provides for periodic audits of the financial and statistical records of participating providers. \_\_\_\_\_
  6. 447.253 (h) - The State has complied with the public notice requirements of 42 CFR 447.205.

Notice published on:

June 12, 1997

If no date is shown, please explain:

- 
- 
- 
7. 447.253 (i) - The State pays for inpatient hospital services using rates determined in accordance with the methods and standards specified in the approved State plan. \_\_\_\_\_

---

C. Related Information

1. 447.255 (a) - NOTE: If this plan amendment affects more than one type of provider (e.g., hospital, NF, and ICF/MR; or DSH payments) provide the following rate information for each provider type, or the DSH payments. You may attach supplemental pages as necessary.

Provider Type: Hospital

**For hospitals:** The Missouri Hospital Plan includes DSH payments in the estimated average rates. However, the DSH payments included in the estimated average rates do not represent the total DSH payments made to hospitals under the Missouri Medicaid Plan.

---



Estimated average proposed payment rate as a result of this amendment:  
\$752.90

Average payment rate in effect for the immediately preceding rate period:  
\$752.90

Amount of change: \$0.00 Percent of change: 0.00%

2. 447.255 (b) - Provide an estimate of the short-term and, to the extent feasible, long-term effect the change in the estimated average rate will have on:
- (a) The availability of services on a statewide and geographic area basis:  
This amendment will not effect the availability of short-term or long-term services.
  - (b) The type of care furnished: This amendment will not effect hospital services furnished to Medicaid eligibles.
  - (c) The extent of provider participation: This amendment will assure recipients have reasonable access taking into account geographic location and reasonable travel time to inpatient hospital services.
  - (d) For hospitals - - the degree to which costs are covered in hospitals that serve a disproportionate number of low income patients with special needs:  
It is estimated that disproportionate share hospitals will receive 100% of its Medicaid cost for low income patients with special needs.